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**NURSING HOME AGREES TO PAY \$750,000 TO SETTLE
ALLEGATIONS UNDER THE FALSE CLAIMS ACT**
Company to be excluded from Medicare and Medicaid programs

Kevin J. O'Connor, United States Attorney for the District of Connecticut, and Richard Blumenthal, Connecticut Attorney General, today announced that **HILLCREST HEALTHCARE, INC. OF UNCASVILLE, CONNECTICUT ("HILLCREST")**, located at 5 Richard Brown Drive, Uncasville, Connecticut, has entered into a civil settlement agreement with the Government to resolve allegations that it violated the False Claims Act by submitting false claims to the Medicare and Medicaid programs.

U.S. Attorney O'Connor explained that this matter arose out of a joint federal-state investigation into quality of care problems at Connecticut's nursing homes. The investigation found wide-spread quality of care problems at *Hillcrest Healthcare Center*, a nursing home owned by HILLCREST. It was alleged that some of the quality of care problems were so severe that they led to the death of one of HILLCREST's residents. On June 25, 2003, a resident at HILLCREST was brought to the emergency room of William W. Backus Hospital with a widespread septic infection allegedly caused by improperly treated bedsores. The resident was also suffering from malnutrition, anemia and dehydration. The resident died the following morning.

The Government alleged in its investigation that, in addition to quality of care problems related to the death of this resident, there were serious quality of care problems related to many other residents at HILLCREST. These problems included severe pressure sores and pressure ulcers, dehydration, weight loss, inadequate staffing, and failure to follow plans of care.

On October 20, 2004, the Connecticut Department of Public Health ("DPH") entered into a Consent Order with HILLCREST that required HILLCREST to surrender its nursing home license within 150 days and to pay a civil penalty of \$200,000. The Connecticut DPH also entered into a Consent Agreement with *Athena Healthcare* (Athena), the company that provided nursing home management services at HILLCREST, which required Athena to improve the administrative, physician and nursing management services that it provides to all nursing homes

licensed by DPH. Thereafter, on December 17, 2004, HILLCREST sold the nursing home to *Apple Health Care, Inc.*

On January 21, 2005, HILLCREST entered a plea of *nolo contendere* in state court to Manslaughter in the Second Degree arising out of the death of the resident discussed above. HILLCREST paid a \$10,000 fine related to its criminal plea.

Pursuant to the civil settlement agreement reached today with the Government, HILLCREST will pay double damages on a portion of the services billed to Medicare and Medicaid for various nursing home patients, as well as civil penalties, in the total amount of \$750,000, for conduct occurring between January 31, 2002 and July 31, 2004. In addition, HILLCREST has agreed to be permanently excluded from the Medicare and Medicaid programs.

“The egregious quality of care problems found in this case were inexcusable,” U.S. Attorney O’Connor stated. “Our elderly population relies on the Medicare and Medicaid programs to help care for them in their old age. Nursing home owners and operators should be on notice: If you bill Medicare and Medicaid for essential services, such as turning patients, feeding them and keeping them properly hydrated, and those services are not provided, or are so deficient as to be virtually worthless, we will prosecute you for fraud, and will seek to recover multiple damages and penalties.”

“Hillcrest was truly a healthcare atrocity – abusing its most vulnerable elderly patients, as well as the public trust,” Attorney General Blumenthal said. “This company had such gross disregard for human life and the law – fatally neglecting patients, while at the same time billing the state for the very services it failed to provide. The industry should take this as a stark warning: Such illegal and inhumane behavior will not go unpunished.”

U.S. Attorney O’Connor noted that this investigation involved coordination among various federal and state authorities and agencies, including attorneys, auditors and investigators from the U.S. Attorney’s Office, the Office of the Inspector General, Department of Health and Human Services, the Connecticut Attorney General’s Office, the Medicaid Fraud Control Unit of the Chief State’s Attorney’s Office, the Connecticut Department of Social Services, the Connecticut Department of Public Health and the Connecticut Department of Consumer Protection.

In entering into the civil settlement agreement, HILLCREST did not admit liability and the agreement indicates that the parties entered into the settlement to avoid the uncertainty and expense of litigation.

People who suspect health care fraud are encouraged to report it by calling the Connecticut Health Care Fraud Task Force at (203) 785-9270.

This matter has been handled by Assistant United States Attorneys Richard M. Molot and David J. Sheldon, Connecticut Assistant Attorney General Robert B. Teitelman, Auditor Kevin Saunders of the U.S. Attorney's Office and Forensic Fraud Examiner Marcia Silva of the Connecticut Attorney General's Office.

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